

~~SECRET~~
SECURITY INFORMATION

C
~~D~~
P
Y
CENTRAL INTELLIGENCE AGENCY
Washington 25, D.C.

Security file copy

copy # 1 of 4 copies

16

(b)(1)
(b)(3)

Office of Deputy Director of Central Intelligence

6 December 1952

Hon. David K. E. Bruce
Under Secretary of State
Washington, D. C.

APPROVED FOR RELEASE DATE:
21-Jan-2011

Dear David:

I enclose a copy of a letter which the Director has sent to Mr. William C. Foster, Deputy Secretary of Defense, respecting the possible use of the power inherent in the offshore purchase program to reduce the Communist hold over labor unions in France and Italy.

I know this is a matter in which you have a deep interest and a direct concern and at the Director's request I am sending a copy to you and to Averell Harriman. I believe that this matter will be discussed at an early meeting of the PSB.

Sincerely yours,

Allen W. Dulles
Deputy Director

Encl.

DEPARTMENT OF STATE
 Retain class'n Change / classify to _____
 Declassify with concurrence of _____ CIA
EO 12356, Sec. 1.3 (g) 1
FPC/NDA by PLK - 6/25/95
Withdrawal No. 2-4

~~SECRET~~
SECURITY INFORMATION

62 D 333

b. 453

PSB D-1G

NEW 26774

D-1C

SECRET
SECURITY INFORMATION

COPY

CENTRAL INTELLIGENCE AGENCY
Washington 25, D. C.

OFFICE OF THE DIRECTOR

December 6, 1952

The Honorable William C. Foster
Deputy Secretary of Defense
Washington, D. C.

Dear Mr. Foster:

When Allen Dulles was [redacted] recently he had a talk with [redacted]
with regard to the possible use of the power inherent in the off-shore purchase program to reduce the communist hold over labor unions in France and Italy.

The practical situation, as you know, is that the major labor unions in each of these countries, the CGT and the CGIL, are Communist-dominated and are used by the local Communist parties, presumably under Kremlin instructions, as a spearhead for Communist activities in the two countries. If we can break this Communist hold on labor in France and Italy we will make a major step forward in the cold war and at the same time remove a serious potential danger behind our own NATO lines.

It is probably impractical to refuse to place a contract with a given factory in France or Italy solely because a majority of the workers in the factory are on the Communist rolls. To do this might be to cut off essential procurement in these two countries. On the other hand, there will be instances where a particular factory can be put on notice that unless certain designated Communist agitators in that plant are dismissed, or unless appropriate support can be given to anti-Communist groups, the contract may be placed elsewhere. If, in a few instances, we can in this way destroy or reduce the influence of Communist top leadership in certain plants, the power of the rank and file will be decreased and the word will rapidly spread from plant to plant.

Dulles found [redacted] very receptive to the idea and [redacted] suggested that I bring it to your attention so as to insure continued cooperation of those in the Defense establishment who are particularly concerned with the placing of offshore procurement contracts.

SECRET
SECURITY INFORMATION

SECRET

SECURITY INFORMATION

- 2 -

I recognize that this program requires finesse and that bludgeon methods or the laying down of hard rules are impractical. I believe, however, that we have here a power to strike a blow at Communism in labor unions in France and Italy which is not now being fully exploited and in view of our responsibility for covert measures against Communist activities I ask your help to see that we start to exploit it.

A copy of this letter is going to Averell Harriman in view of his interest in this matter as Director for Mutual Security and to David Bruce, as member of the PSB.

Sincerely,

Walter B. Smith
Director

SECRET

SECURITY INFORMATION